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TAGS: [PGOV](#) [PREL](#) [HR](#)

SUBJECT: LOCAL ELECTIONS -- HORSE-TRADING NEARLY OVER

REF: A. ZAGREB 834

[B](#). ZAGREB 827

[C](#). ZAGREB 792

[D](#). ZAGREB 625

Classified By: Ambassador Ralph Frank for reasons 1.5 (b) & (d)

[1](#)1. (SBU) SUMMARY AND COMMENT: After six weeks of unprecedented horse-trading following Croatia's May 15 local elections, city councils and county assemblies have elected mayors and county prefects in all but a handful of jurisdictions. Political parties turned to coalitions of all stripes in the struggle for power, often abandoning party principles to pair with the strangest of bedfellows. In several high-profile cases, the party that received the greatest number of votes was shut out of power by an alliance of "everyone else," fueling cries for direct election of mayors and prefects which the government will be unable to ignore in future electoral reform. All-Croat coalitions in the city of Knin and the county around Vukovar kept the leading ethnic Serb party out of top positions in these symbolically-charged areas, stalling ethnic reconciliation efforts and illustrating Prime Minister Ivo Sanader's need to placate the right wing of the ruling Croatian Democratic Union (HDZ).

[1](#)2. (SBU) Despite lackluster results at the polls, the HDZ made the most of post-electoral negotiations and actually expanded its presence in county government and held its ground at the city level, albeit with a far greater dependence on coalition partners than ever before. Their key local partner has become the right-wing Croatian Party of Rights (HSP), which has used its position as the swing vote in many localities to bargain its way into two mayoral seats, one prefect's office, and a relatively large number of governing coalitions. This will be the HSP's first opportunity to prove itself in government leadership.

[1](#)3. (SBU) The Social Democratic Party (SDP), Croatia's main opposition, gained the most in Zagreb, where it will rule without its estranged partner, the Croatian People's Party (HNS). SDP relations are now strained with most of its previous coalition partners. Independent lists played deciding roles in several important cities, including Osijek, Split, and Zadar. END SUMMARY AND COMMENT.

PARTY BY PARTY: WHO IS IN POWER

[1](#)4. (C) The HDZ: Croatia's largest party now holds nine prefect positions, one more than four years ago, but it shares power with the HSP and other parties in eight of those counties. The HDZ added the county around Dubrovnik to its power base, putting all counties south of Karlovac under HDZ leadership. The party also won the coalition battle in the city of Split, taking the city away from the liberals with the help of an independent list of businessmen. The HDZ led the building of all-Croat coalitions in the city of Knin and in Vukovar county that kept the Independent Democratic Serbian Party (SDSS) out of power despite its top finish at the polls. PM Sanader admitted to SDSS Vice President Milorad Pupovac that the HDZ could not politically afford to let ethnic Serbs into Knin or Vukovar local governments given the significance of both places during the war.

[1](#)5. (SBU) The ruling party's greatest loss came at the hands of Osijek strong man Branimir Glavas, expelled from the party in April reportedly for his views on regionalization. Not only did Glavas outpoll the HDZ by more than two to one in both the city and the county of Osijek with his independent list, he succeeded in building post-electoral coalitions with the HSP that completely shut the HDZ out of government.

[1](#)6. (SBU) The SDP: Croatia's second-largest party, the center-left SDP, now leads three counties, including the City of Zagreb (the only city with county status), and shares power in five others with its allies in the Croatian Peasant Party (HSS), the Croatian Party of Pensioners (HSU), and the Istrian Democratic Assembly (IDS). The SDP also gained an important mayoral position in Velika Gorica and both the mayor and prefect positions in Sisak.

[1](#)7. (C) The local elections, however, also served to highlight

friction between the SDP and its traditional partners. A strong SDP showing in Zagreb was expected, but party leaders were most pleased by the fact that former mayor Milan Bandic was able to return to office without the help of the HNS. The SDP's relationship with its old partner in city government appears to have soured beyond repair in the capital. Ties are also strained with the HSS, SDP's pre-election coalition partner in most areas, after the peasant party's poor performance in local elections and difficult post-election negotiations. Former Minister of

Foreign Affairs and newly-elected SDP Mayor of Velika Gorica Tonino Picula told Poloff that the SDP will never run with the HSS again.

18. (SBU) The HSP: While the HSP's campaign rhetoric did not hold true to the "reformed" image it tried to sell to the international community prior to local elections, the party secured its place as the leading representative of Croatia's far-right. Aggressive coalition-building and clever exploitation of standoffs between larger parties has given the HSP local government representation out of proportion with its 10 percent electoral finish. For the first time, the party holds mayoral offices in Croatia's fourth and fifth largest cities, Osijek and Slavonski Brod, the county prefect position in Viroviticko-Prodravska County to the west of Osijek, and deputy prefect and assembly chairman positions in as many as 10 counties. The HSP even managed to enter governing coalitions with the SDP in Velika Gorica and in Bjelovarsko-Bilogorska county. As the HSP has never held significant local leadership positions, the impact of the party's increased influence remains unclear.

19. (SBU) The HSS: The Peasant Party was the big loser of these elections, dropping from eight county prefects to four. While this still represents disproportionate representation for this shrinking party, the decrease in power and its fallout with the SDP have sparked turmoil in the party. An HSS defector was also a key factor in bringing Glavas' independent list to power in Osijek County. Rumors are now circulating about a future leadership challenge to HSS President and former Parliament Speaker Zlatko Tomcic.

110. (U) The others: The Pensioners' Party (HSU) managed to enter a dozen county government coalitions, while the Croatian People's Party (HNS) secured two prefect positions.

#### COALITION CRITICISM: REFORM ON THE WAY

11. (SBU) Post-electoral coalition deals have been roundly criticized by the public and all relevant political figures in the country, including President Stjepan Mesic himself. The practice of forming what has often been referred to as "unprincipled" coalitions led the GoC to propose changes to the local election law. PM Sanader announced on June 23 that the new legislation to govern local elections in the future would provide for the direct election of prefects and mayors, eliminating post-election negotiations. Sanader said he would seek consensus of all parliamentary parties on this issue, which given the current public mood, he is likely to get.  
FRANK

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